

rate until the end of the Exchange Period.

(h) *Notice of filing of Appendix 1.* (1) After a utility files an Appendix 1 electronically, Bonneville will post the filings and non-confidential documentation on its electronic Web site. Access to the information will be subject to any confidentiality rules or requirements established by Bonneville.

(2) Bonneville will advise parties of the right to file a petition to intervene in Bonneville's ASC review process.

**§ 301.4 Bonneville Power Administration's Average System Cost Review Process.**

During a Review Period, the following procedures apply. These procedures will not apply to informational ASC filings made outside of a Review Period.

(a) Bonneville may petition to intervene in each retail rate proceeding for each utility participating in the Residential Exchange Program. If Bonneville or any of its Regional Power Sales Customers is denied the right to intervene in a retail rate review proceeding of a filing utility when the intervention is for purposes of obtaining any information regarding costs or facts relevant to the determination of a utility's ASC (after making a good faith effort to intervene in the retail rate proceeding and timely complying with applicable procedures to intervene in the retail rate proceeding), Bonneville may set that utility's ASC equal to the Priority Firm Exchange Rate for the following Exchange Period. Exchanging utilities must provide Bonneville and Regional Power Sales Customers with at least 60 days notice of their intent to change their retail rates.

(b) Each Appendix 1 will be reviewed by Bonneville or its designee and subject to a public process to determine whether the Contract System Costs are consistent with Generally Accepted Accounting Principles for electric utilities, whether Contract System Costs contain only allowed costs, and whether the revised Appendix 1 complies with the requirements of the ASC methodology, including applicable definitions and requirements incorporated from the Commission's Uniform System of Accounts. In addition, each Appendix 1

will be reviewed by Bonneville or its designee to determine whether the Contract System Load used by the utility is an appropriate load for purposes of the utility's ASC computation.

(c)(1) In calculating ASCs, Bonneville will make an independent determination of the following:

(i) The appropriateness of the inclusion of costs;

(ii) The reasonableness of the costs included in Contract System Costs; and

(iii) The appropriateness of Contract System Loads.

(2) Bonneville will not be obligated to pay an ASC different than the ASC based on Contract System Costs and Contract System Load as determined by Bonneville.

(3) If a final order of the Commission or a reviewing court rejects Bonneville's ASC determination, the ASC payable by Bonneville will be the ASC as revised by Bonneville on remand.

(d) The Appendix 1 filing will be subject to review as follows:

(1) The Bonneville review process (not including the Initial and Second Exchange Periods) commences June 1 (Day 1) of the Review Period (or other date as may be established by Bonneville). Bonneville will review all utilities' ASCs concurrently in a public process.

(2) The dates identified in these regulations and those listed on the sample time line shown in § 301.7 are generic, and intended to illustrate a time line that is representative of the ASC review process. Unless specified, the days represent calendar days. Each spring, prior to the Review Period, Bonneville will post on its ASC methodology Web site (<http://www.bpa.gov/corporte/finance/ascm>) or its successor, a detailed schedule, accommodating the applicable holidays and weekends, that will be the official schedule for that Review Period.

(e) *Review Period time line.*

(1) *Day 1.* Utility filings due to Bonneville.

(2) *Day 3.* Bonneville posts the utility filings to its electronic Web site.

Access to the information will be subject to any confidentiality rules or requirements established by Bonneville.

(3) *Day 7.* Deadline to file utility-specific petitions to intervene with Bonneville for the review process. Any Regional Power Sales Customer or state utility Regulatory Body who so requests will be accorded party status for Bonneville's ASC review process if the request is received by the established deadline. Other interested parties also may submit a petition to intervene, and Bonneville will grant party status at its discretion. Petitions to intervene must state with particularity the petitioner's interest in the ASC review proceeding. Petitions to intervene must be filed for each respective Bonneville review proceeding in order for a party to comment on the individual proceedings. The filing utility is automatically a party to its own ASC review proceeding. Bonneville will grant or deny petitions to intervene within seven (7) days after the deadline for filing the petitions.

(4) *Day 10.* Bonneville grants or denies petitions to intervene.

(5) *Day 11–66.* Parties allowed to submit data requests. Bonneville and parties will file data requests electronically with the utility and Bonneville. Bonneville will make data requests available to all parties. Each utility will respond to requests for information relevant to the utility's Appendix 1 filing, provided that the furnishing of proprietary or confidential information to any party may be made contingent on the granting of proper safeguards to prevent unauthorized use or disclosure. The responses must be sent to the requester and Bonneville. For each data request, the responding utility has seven (7) days to provide the requested data or object. If a utility files an objection to a data request, the party submitting the data request has four (4) days to respond to the objection. After the response to the objection is received, or the four (4) days to respond has elapsed, Bonneville then has seven (7) days to issue a ruling as to whether the utility's objection will be sustained or overruled. If the objection is overruled, the utility must provide the data requested within seven (7) days after the ruling. If a utility does not provide the requested data, Bonneville may, in its discretion, remove from Contract

System Costs all costs associated with the data not provided.

(6) *Day TBD.* Bonneville will begin workshops on all Appendix 1 filings based on the specific schedules. Utilities filing an Appendix 1 will have staff or agents available for questioning by Bonneville and other parties to the proceeding. The primary purpose of the first workshop is to clarify data, work papers, supporting documentation and assumptions used to prepare the Appendix 1.

(7) *Day 88.* By this day, Bonneville and parties may file electronically with Bonneville an issue list identifying contested elements of a utility's ASC filing and the basis for the parties' issues. Bonneville will make the issue lists available to all parties.

(8) *Day 102.* By this day, each filing utility will electronically file a response to the issue lists. Bonneville and other parties also may file comments in response to the issue lists.

(9) *Day 108.* By this day, a workshop will be held to discuss and resolve the issues raised by parties through their issue lists.

(10) *Day 111.* Requests for oral argument before the Administrator or his/her designee must be submitted in writing to Bonneville by this day. The requests must contain a statement providing reasons why the party believes oral argument is necessary.

(11) *Day 114.* By this day, Bonneville, at its discretion, may grant or deny any request for oral argument.

(12) *Day 123.* In the event a request for oral argument is granted, the requesting party will present its arguments first. Responding parties will present their arguments following the requesting party's arguments. The Administrator or his/her designee, at his discretion, may provide an opportunity for the requesting party to reply. Oral arguments will be presented no later than this day.

(13) *Day 141.* By this day, Bonneville will publish for comment, and serve electronically draft utility ASC reports on all parties. The reports will contain analyses and decisions on all contested issues raised in the ASC review process.

(14) *Day 154*. By this day, the utility and parties may file comments on the draft utility ASC reports.

(15) *Day 167*. The Bonneville Administrator will issue final utility ASC reports.

(16) If Bonneville has not issued the final utility ASC reports by the end of the Review Period, the ASC filed by the utility will be the Exchange Period ASC until the date Bonneville issues the final utility ASC reports. The final ASCs determined by Bonneville will then be the Exchange Period ASCs effective back to the beginning of the Exchange Period and until the end of the Exchange Period.

#### § 301.5 Exchange Period Average System Cost Determination.

##### (a) *Escalation to Exchange Period.*

(1) Bonneville will escalate Bonneville-approved Base Period costs to the midpoint of the fiscal year for a one-year rate period/Exchange Period, and to the midpoint of the two-year period for a two-year rate period/Exchange Period to calculate Exchange Period ASCs.

(2) For purposes of the escalation referenced in paragraph (a)(1) of this section, Bonneville will use Global Insight's (or its successor) forecast of cost increases for capital costs and fuel (except natural gas), Operations & Maintenance and General & Administrative expenses; and Bonneville's forecast of market prices for investor-owned utility purchases to meet load growth and to estimate short-term and non-firm power purchase costs and sales revenues; and Bonneville's forecast of natural gas prices and Bonneville's estimates of the rates it will charge for its Priority Firm and other products.

(3) With the exception of the natural gas escalator provided by Bonneville, the following list of acronyms defines Global Insight's escalation codes. These escalators will be used for each line item included in Appendix 1.

- (i) A&G—Administrative and General.
- (ii) CACNT—Customer Account.
- (iii) CD—Construction, Distribution Plant.
- (iv) CONSTANT—Constant.
- (v) CSALES—Customer Sales.
- (vi) CSERVE—Customer Service.

(vii) COAL—Coal.

(viii) DMN—Distribution Maintenance.

(ix) HMN—Hydro Maintenance.

(x) HOPS—Hydro Operations.

(xi) INF—Inflation.

(xii) NATGAS—Natural Gas.

(xiii) NFUEL—Nuclear Fuel.

(xiv) NMN—Nuclear Maintenance.

(xv) NOPS—Nuclear Operations.

(xvi) OMN—Other Production Maintenance.

(xvii) OOPS—Other Production Operations.

(xviii) SMN—Steam Maintenance.

(xix) SOPS—Steam Operations.

(xx) TMN—Transmission Maintenance.

(xxi) TOPS—Transmission Operations.

(xxii) WAGES—Wages.

(4) If any of the escalators specified in the ASC methodology are no longer available, Bonneville will designate a replacement source of escalators that, as near as possible, replicates the results produced by the prior escalator, and, if a replacement source is not available, the replacement escalator will be the forecast of the GDP Price Deflator.

(5) Bonneville will base the costs of power products purchased from Bonneville on Bonneville's forecast of prices for its products.

##### (b) *Treatment of sales for resale and power purchases.*

(1) Bonneville will escalate long-term and intermediate term (as defined by the Commission) firm purchased power costs and sales for resale revenues at the rate of inflation.

(2) Bonneville will not normalize short-term purchases and sales for resale. The short-term purchases and sales for resale for the Base Period will be used as the starting values. A utility will be allowed to include new plant additions, and use a utility-specific forecast for the price of purchased power and sales for resale price to value purchased power expenses and sales for resale revenue to be included in the Exchange Period ASC.

(3) Bonneville will use the following method to determine separate market prices to forecast short-term purchased power expense and sales for resale revenues to calculate Exchange Period ASCs:

- (i) The utility's average short-term purchased power price and short-term